



State of Arizona

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Governor Jan Brewer Announces Historic Economic Competitiveness Package

Legislation to help re-establish Arizona as a national economic leader

PHOENIX – Governor Jan Brewer today called the Legislature into Special Session for the consideration of a comprehensive plan to put Arizona back to work. Known as the Arizona Competitiveness Package, the proposal includes a mix of targeted business incentives and broad tax reforms designed to rev the Arizona economy.

"The Competitiveness Package will make Arizona a magnet for business expansion, relocation, capital formation and investment," said Governor Brewer. "This is our roadmap for future economic growth."

Improving Arizona's competitiveness in the global marketplace is the first of the governor's Four Cornerstones of Reform that she unveiled earlier this year. The centerpiece of the plan is her creation of an Arizona Commerce Authority. Replacing the Arizona Commerce Department and its hodge-podge of more than 50 mandates and responsibilities, the Commerce Authority will have a single focus: the retention and recruitment of quality jobs for Arizona.

The Commerce Authority will be overseen by a public-private board comprised of Arizona leaders in business and policy. Designed to be nimble and flexible in responding to economic opportunities, the board will be armed with a \$25 million deal-closing fund to help land some of the nation's most highly-sought corporations and business ventures for Arizona. No dollars will be awarded prior to performance, and "claw-back provisions" and an independent, 3rd-party economic analysis will ensure that companies awarded public funds meet their promised obligations.

"This package of tax reforms and targeted investments will give Arizona the tools it needs to compete for economic development on the global stage," said Don Cardon, president and CEO of the Arizona Commerce Authority. "Arizona can't afford to wait for economic growth. We're going to aggressively pursue quality jobs and stable industries that will become the bedrock of this state's economic future."

The Arizona Competitiveness Package is focused on both urban and rural job creation, and is intended to make this state a destination for business growth and development. Specific aspects of the plan include:

- The creation of a Quality Jobs Program, with corporate tax credits of up to \$9,000 for each qualifying new job. (\$3,000 per job, per year, with a 400-job cap)

- An increase in the electable state corporate income-tax sales factor to 100 percent, up from the current 80 percent. This will encourage firms to establish headquarters and manufacturing centers in Arizona.
- Re-authorization of the Arizona Job Training Program, providing job-specific, reimbursable grants to train employees for new careers.
- A four-year, phased-in reduction of the state's corporate income tax to 4.9 percent, beginning in January 2014. This will give Arizona the nation's fifth most competitive corporate income-tax rate.
- A 10 percent increase in the state's Research & Development tax credit, encouraging further collaboration between Arizona's research universities and the private sector.
- A 5 percent acceleration of the depreciation schedule for business personal property, spurring purchases of new equipment and other capital investments.

The Arizona Competitiveness Package is consistent with Governor Brewer's long-held call for corporate tax relief that would be phased-in after Proposition 100 expires and the state's budget is on firmer footing.

"The development of a stable and growing economy is the key to Arizona's future," she said. "It will provide good jobs for our citizens and revenue for the state programs and services everyone enjoys. I urge legislators to act quickly in enacting these reforms and furthering Arizona's economic recovery."

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